GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5156
ANSWERED ON:11.05.2007
ASSISTANCE FROM NABARD TO AGRICULTURE SECTOR
Adhalrao Patil Shri Shivaji

Will the Minister of FINANCE be pleased to state:

(a) the target fixed for priority sector lending by the public sector banks during 2006-07;

(b) the percentage: of lending within the priority sector lending fixed and achieved for agriculture sector during 2006-07;

(c) whether the NABARD has not received contribution to Rural Infrastructure Development Funds (RIDF) from scheduled commercial banks against their short fall in priority sector/agricultural lending;

(d) if so, the details thereof sand the reasons therefor; and

(e) the steps taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a)& (b) : Yes, Sir. Reserve Bank of India policy stipulate a target of 40% of Adjusted Net Bank Credit or credit equivalent amount of off balance sheet exposure of the bank outstanding as on March 31 of the previous year for lending to priority sector by scheduled commercial banks. Within this overall target, a sub-target of 18% has been prescribed for agricultural purposes. The achievement of Public Sector Banks and Private Sector Blanks vis-a-vis the target of 18% is 15.54% and 11.58% of Net Bank Credit respectively.

(cto (e) : RBI makes allocation for deposits under RIDF depending upon the extent of shortfall in Priority Sector /agriculture lending. Most of the banks have been complying in contributing to the fund. However, as; on 08 May, 2007, 04 banks, viz. IDBI Bank, Jammu & Kashmir1 Bank, Lord Krishna Bank and ING Vysya Bank, have shown shortfall in contributing to RIDF. While ING Vysya Bank has drawn attention of RBI to the fact that contribution of the allocated amount violates RBI guidelines on prudential exposure norms, IDBI Ltd. has represented to RBI regarding their contribution under RIDF-XL.